

# Things You Should Know

Utah State Tax Commission  
210 North 1950 West  
Salt Lake City, Utah 84134

**Monday - Friday hours, 8:00 a.m. to 5:00 p.m.**  
**Saturday assistance dates will be announced**

1-801-297-2200 Main telephone number  
1-800-662-4335 If outside the Salt Lake area  
1-801-297-6700 Automated ordering for Utah forms or  
Web Page at <http://www.tax.ex.state.ut.us>  
1-800-829-4477 Ordering Federal forms

IRS Assistance is available at the Tax Commission building.  
<http://www.irs.gov/>

If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811 or Telecommunications Device for the Deaf (801) 297-3819. Please allow three working days for a response.

## What's new for 2000?

- **Native Americans:** Income derived from a source within the Uintah and Ouray Reservation during a time period that the Ute tribal member resides on homesteaded land removed from the Uintah and Ouray reservation is exempt from Utah Income tax.
- **Tax Credit For At-Home Parent:** An at-home parent providing full-time care for a qualifying child may be able to claim a nonrefundable credit of \$100 for each qualifying child. To see if you qualify, see the instructions for line 34.
- **Health Care Insurance Premium Deductions:** The health care insurance premium deduction has been increased to 100%. To see if you qualify, see the instructions for line 17.
- **Long-term Care Insurance Premium Deduction:** A deduction may be taken for premiums paid during the taxable year for long-term care insurance. To see if you qualify, see instructions for line 18.
- **Tax Credit For Research Activities:** A credit is allowed for expenses incurred for increasing qualified research activities in Utah. To see if you qualify, see the instructions for line 34.
- **Tax Credit For Machinery and Equipment used to conduct research:** A credit is allowed for machinery, equipment, or both, used ordinarily for conducting qualified research or basic research in Utah. To see if you qualify, see the instructions for line 34.

## VOLUNTEER INCOME TAX ASSISTANCE (VITA)

VITA volunteers provide tax preparation service to low-income, elderly, and disabled taxpayers at various locations throughout the state during income tax season. Some VITA sites have the capability of filing electronically. You may contact the IRS by calling 1-800-829-1040 to find the VITA site nearest you.

## WHO MUST FILE

- A. General Requirements: A Utah income tax return must be filed by:
1. Every Utah resident who is required to file a federal income tax return;
  2. Every non or part-year resident having income from Utah sources who is required to file a federal return;

3. Taxpayers requesting a refund of any overpayment of income tax regardless of the amount of gross income; or
  4. Every resident or nonresident with Utah income that meets the following "Specific Requirements" in paragraph "B" that follows, even if a federal return is not required.
- B. Specific Requirements: If you meet any of the criteria shown in the chart that follows, you must file a Utah income tax return - even if no federal return was filed.

Marital Status at end of 2000:	Filing Status:	At end of 2000 you were:	And gross income is at least:
Single	Single	Under 65	\$6,500
		65 or older	\$7,600
Married with dependent child, living apart from spouse during last 6 months of 2000	Head of Household	Under 65	\$8,550
		65 or older	\$9,650
Married, living with spouse at end of 2000 or up to date spouse died	Head of Household	Under 65	\$8,550
		65 or older	\$9,650
Married, not living with spouse at end of 2000 or up to the date spouse died	Married joint return	Under 65 (both)	\$11,550
		65 or older (one spouse)	\$12,400
		65 or older (both spouses)	\$13,250
	Married separate return	Any age	\$2,100
	Married joint or separate return	Any age	\$2,100

If you must file a state return, first complete a federal return as if you were filing with the IRS - information is needed from the federal return to complete the state return. If you are required to file a federal return and take the blind exemption, you must file a state return, even if your federal tax is zero.


## WHEN TO FILE

You must file your return and pay any income tax due:

1. By April 16, 2001, if you file on a 2000 calendar year basis (tax year ends December 31, 2000); or,
2. By the 15th day of the fourth month following the close of the fiscal year, if you file on a fiscal-year basis.

All Utah income taxes for the year 2000 must be paid by the due date to avoid penalties and interest. If your return is not filed on time, you may be subject to penalties and interest. (See Penalties and Interest instructions on page 2.)

## EXTENSION OF TIME TO FILE

 **TIP:** This is NOT an extension of time to pay your taxes - it is an extension of time to file your tax return.

You are automatically allowed an extension of up to six months to file your return without filing an extension form. However, if the prepayment requirements (see next paragraph) are not met on or before the original due date (April 16th) penalties will be assessed. (See Penalties and Interest instructions on page 2.) All extension returns must be filed by October 15, 2001.

## PREPAYMENT REQUIREMENTS

The required prepayment must equal:

- Ninety percent (90%) of the tax due for 2000; or
- One hundred percent (100%) of the amount of your 1999

Utah tax liability as indicated on *line 21 of your 1999 Utah return if you filed as a full-year resident (or line 22 if you filed as a non or part-year resident).*

A prepayment may be in the form of withholding (W-2, TC-675R, TC-675M, etc.), tax credit, and/or payment made on or before the tax due date using form TC-546, Prepayment of Income Tax. Interest will be assessed on unpaid tax from the filing due date until the tax is paid in full. Penalties may also be assessed.

## PENALTIES AND INTEREST

### PENALTIES

Utah law provides for uniform tax penalties for failure to file tax returns, failure to pay tax due, and failure to file information returns or supporting schedules.

The penalty for failure to file a tax due return by the due date is the greater of \$20 or 10 percent of the unpaid tax. In addition, if a tax balance remains unpaid 90 days after the due date, a second penalty, \$20 or 10 percent of the tax balance, whichever is greater, will be added for failure to pay timely.

The penalty for failure to pay tax due as reported on a timely filed return, or within 30 days of a notice of deficiency, is \$20 or 10 percent of the tax due, whichever is greater.

The penalty for underpayment of an extension prepayment is 2 percent per month of the unpaid tax during the extension period. If the return is not filed by the extension due date, failure to file and failure to pay penalties will apply, as if the extension had not been granted.

For a list of additional penalties that may be imposed, please refer to UCA §59-1-401.

*The Tax Commission will bill the taxpayer if any penalty or interest is owed.*

### INTEREST (In addition to penalties due)

Interest will be assessed at the rate prescribed by law from the original due date until any outstanding liability is paid in full. The interest rate for most taxes and fees administered by the Tax Commission for the 2001 calendar year is 8 percent. For information on applicable interest rates, taxpayers may request form TC-15 by calling or writing the Tax Commission (see telephone and address on page 1).

### DOMICILE DEFINED

The term 'domicile' means the place where an individual has a true, fixed permanent home and principle establishment, and to which, whenever a person is absent, the person has the intent of returning. It is the place in which a person has voluntarily fixed the habitation of himself and his family, not for a mere special or temporary purpose, but with the intention of making a permanent home (28 C.J.S. Domicile §1). After a domicile has been established, two conditions are necessary to create a new domicile: first, an abandonment of the old domicile, and second, the intention and establishment of a new domicile. The mere intention to abandon a domicile, once established, is not sufficient to create a new domicile. Before a person can be said to have changed his domicile, even though he manifests an intention to abandon the old domicile, a new domicile must be shown.

## UTAH RESIDENT DEFINED

A Utah resident is an individual who:

1. Is domiciled for the entire year in Utah, even though temporarily outside of Utah (temporarily may be an extended period of time – even years in certain situations);
2. Is domiciled in Utah for any period of time during the taxable year, but only for the duration of that period;
3. Even though domiciled outside Utah, maintains a permanent place of abode within the state and spends a total of 183 days or more of the taxable year within Utah. This does not apply to military personnel or their spouses who are in Utah on military assignments, unless they are Utah residents.

All income received during the period of Utah residency is taxable in Utah, regardless of the source of that income.

## PART-YEAR RESIDENT DEFINED

A part-year resident is an individual who is domiciled in Utah for part of the year and is domiciled outside Utah for part of the year. All income received during the period of Utah residency by a part-year resident is taxable in Utah, regardless of the source of that income. Income from Utah sources is taxable in Utah during the period of nonresidency.

## NONRESIDENT DEFINED

A nonresident individual is one who was not in Utah or was in Utah for temporary purposes for less than 183 days during the taxable year. Income received by a nonresident from Utah sources is taxable.

## FILING FOR A DECEASED TAXPAYER

If an individual dies during the year, but would have been required to file an income tax return, a final return must be filed on his or her behalf. The personal representative, executor, administrator, legal representative, or survivor must sign and file the final return and any other returns still due. Persons, other than surviving spouse, claiming a refund on behalf of the deceased, must attach form TC-131, "Statement of Person Claiming Refund Due a Deceased Taxpayer", to the front of this return. Also, see pages 5 & 16 for additional instructions for deceased taxpayers.

## MILITARY PERSONNEL, NATIVE AMERICANS, AND STUDENTS

Special rules apply to military personnel, Native Americans, and students. They are as follows:

### Military Personnel

1. **Residents:** Utah residents who enter military service do not lose their Utah residency or domicile solely by being absent due to military orders. They still must file a resident income tax return in Utah on all income, regardless of the source. If income tax is required to be paid to another state on nonmilitary income, a credit is allowed for the tax paid to the other state. If taxes are owed to another state, refer to line 31 of your state income tax return and complete state form TC-40A, PART 1 included in this booklet.
2. **Nonresidents:** Nonresidents who are stationed in Utah solely due to military orders, are not subject to tax on their military pay in Utah. However, if nonresident personnel or members of their family residing in Utah

have earned income from Utah sources, other than active military service pay, they are required to file a Utah state income tax return and pay any tax due.

3. **Married couples:** The spouse of a person in active military service is generally considered to have the military person's domicile and is subject to the same income tax laws and rules that apply to the military person. If one spouse is a full-year Utah resident and the other spouse is a nonresident or part-year resident, the couple may file separate Utah income tax returns even though they filed a joint federal income tax return. (See 'Special Instructions,' pages 17 & 18).

#### **Native Americans**

1. **Residents:** Native Americans who are domiciled and earn income in Utah should file a Utah income tax return.
  - An enrolled member of a Native American tribe or nation in Utah, who lives and works on the reservation on which he or she is an enrolled member, is exempt from Utah income tax on income earned on the reservation.
  - An enrolled member of the Ute tribe who works on the Uintah and Ouray Reservation and lives on land removed from that reservation under *Hagen v. Utah* (510 U.S. 399 (1994)) is exempt from Utah income tax on income earned on the reservation.
2. **Nonresidents:** Nonresident Native Americans who are not domiciled on a reservation within Utah, but earn income from Utah sources, must file a Utah income tax return and pay any tax due.

#### **Students**

1. **Resident Students:** A Utah resident, who is a student at a non-Utah school (full or part-time) is required to file a Utah return and pay tax on income, regardless of the source. If income tax is required to be paid to another state on income that is also taxed by Utah, a credit is allowed for the tax paid to the other state. To claim credit for taxes paid to another state, refer to line 31 of your Utah income tax return and complete Utah form TC-40A, PART 1 included in this booklet. Mail a signed copy of the other state's return with your Utah return.
2. **Nonresident Students:** A nonresident student who is attending a Utah school is required to file a Utah state income tax return and pay Utah tax for income, such as wages, rental income, business income, etc. earned from Utah sources.

#### **ROUNDING OFF TO WHOLE DOLLARS**

You must round off cents to the nearest whole dollar. Round down if cents are under 50 cents; round up if cents are 50 cents and above.

#### **RECORDKEEPING AND DOCUMENTATION**

Keep copies of any receipts, state forms, worksheets, and other documentation to support any deductions, exemptions, and credits you have claimed on your return.

#### **AMENDED RETURNS**

If you need to amend a return for a tax year other than 2000, please use the tax form and instructions for the year you are amending. See page 1 for telephone number to order forms.

##### **When to Amend a 2000 Utah Income Tax Return**

- If there is an error on your state or federal return after it has been filed; or
- If your federal return is audited or adjusted by the IRS and the IRS audit or adjustment affects your state return. You must amend your state return within 90 days of the IRS's final determination. If you are unsure whether or not your state taxes are affected by an audit or adjustment, please contact the Tax Commission, using telephone numbers shown on page 1.

Generally, an amended return must be filed within three years following the date the original return was due, to qualify for a refund or a credit. An amended return filed before the due date is still considered filed on the due date. If an amended return must be filed based on changes made by the IRS, a claim for refund or credit must be made within two years after a Utah amended return was required to be filed.

##### **How to Amend a 2000 Utah Income Tax Return**

- A. Check the "AMENDED" box located at the top of the return.
- B. Enter the number in the box from the list below that best corresponds to your "REASON FOR AMENDING".

##### **Reasons For Amending (enter number on return)**

- 1 You filed an amended return with the Internal Revenue Service (you must attach a copy of your amended federal return).
- 2 You made an error on your state return (attach an explanation of the error).
- 3 Your tax calculation was changed by an Internal Revenue Service audit and/or adjustment (attach a copy of the IRS adjustment).
- 4 You had a Net Operating Loss. Utah allows net operating losses to be carried back two years and carried forward twenty years on state individual income tax returns. If your amended return is the result of a carryback net operating loss, complete an income tax return for each year you are amending (attach a copy of your amended federal return).
- 5 Other (attach explanation to return).

- C. Complete the return by entering the corrected figures.
- D. Enter other amounts shown on your original return. If you received a refund on your original return, enter the amount of previous refunds on line 28 of the 2000 amended return. If you paid with the original return or made subsequent payments of the tax prior to filing the amended return, enter the total previous payments on line 33 of the 2000 return. Contributions on line 27 cannot be changed after original return is filed.

## ALTERNATIVE METHODS TO FILE

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### TELEFILE FILING

If you received a 2000 Utah TELEFILE form by mail, you may be qualified to file your income tax by telephone, regardless of whether you filed your federal income tax return by TELEFILE. You may Telefile if:

1. Your Federal Adjusted Gross Income is \$50,000 or less;
2. You are a full-year Utah resident in 2000;
3. Your name and address, and spouse's name if married, are correct on the outside of this book;
4. Your filing status is the same as last year;
5. You have NO dependents;
6. You claim only the standard deductions on your federal form;
7. You do not claim nonrefundable and/or other credits;
8. You are not filing an amended return;
8. You have no more than TEN W-2s showing Utah income (no out-of-state W-2s);

For questions regarding eligibility, please contact the Tax Commission by calling (801) 297-2200 or 1-800-662-4335.



### ELECTRONIC FILING

#### WHO CAN FILE AN ELECTRONIC RETURN?

1. Taxpayer must be a full-year Utah resident.
2. Taxpayer must file both the federal and state returns electronically and at the same time.
3. Taxpayer must be filing an original return for calendar year January 1, 2000 to December 31, 2000. Amended or corrected returns, or returns with a net operating loss, are not allowed.
4. Tax return cannot be for a deceased taxpayer or spouse.
5. Taxpayer may claim credit for taxes paid to one additional state.

You can obtain assistance preparing your taxes and filing electronically through any professional tax preparer who participates in the Utah Federal/State Electronic Filing Program. If you prepare your own Utah return, a participating tax preparer or electronic filer can accept your completed returns and file them electronically for you.



### INTERNET ONLINE FILING

Let a qualified software provider guide you step-by-step through filing your federal and state returns on-line. It's simple and secure, and in certain cases you may even qualify to file your taxes on-line at no charge. Either way, it costs nothing to look at the software. Even if you don't have a PC in your home, computers are available in your community at libraries and other civic centers. Get more information and check out some links to software providers at **[www.utahtax.com](http://www.utahtax.com)**



### DIRECT DEPOSIT

In its effort to reduce the time it takes to get refunds to taxpayers, the Tax Commission is offering direct deposit. The State of Utah electronically sends your refund directly to your account at your financial institution. To select direct deposit for your refund, follow the instructions for line 38 on pages 15 and 16.



# Line-by-Line Instructions

## NAME, ADDRESS, SOCIAL SECURITY NUMBER, AND PREPRINTED LABEL PREPRINTED LABEL

If you received your income tax booklet by mail there should be a preprinted label located in the center of the booklet. Attach the label to the income tax return over the name and address area. Make sure you include your daytime and evening telephone numbers. *If any part of the label is incorrect, do not use the label - type or print your name, address, Social Security Number, and telephone numbers on the return.*

## DECEASED TAXPAYER

If you are filing on behalf of a deceased taxpayer who *died during the tax year* (including a deceased spouse), do not use the label. You should type or print the deceased's name and Social Security Number, and your mailing address and telephone numbers. Check the box, "If died in 2000 or 2001," if the taxpayer and/or spouse died in 2000 or 2001. *See pages 2 and 16 for additional information.*

## 1. FILING STATUS

If you filed a joint federal return, you must file a joint state return unless the Special Instructions on page 17 apply to you.

Check the box that matches the filing status shown on your federal return (lines 1 through 5 on federal forms 1040 and 1040A). If you used federal forms 1040EZ or TELEFILE, there is no federal filing status listed. You are still required to select a filing status that corresponds to your federal filing status.

## 2. EXEMPTIONS

 **Tip:** For lines 2a through 2c, enter the same number of exemptions claimed on your federal return.

- Enter a "1" if you claim yourself. If someone else, such as a parent, is claiming you as their dependent on their federal return, you must claim "0." If you checked "YES" on line 5 of your 1040EZ or line B of your federal telefile record, enter "0."
- Enter a "1" if you claimed your spouse as an exemption on your federal return. If someone else, such as a parent, is claiming your spouse as their dependent on their federal return, you must enter "0."
- Enter the number of other dependents claimed on line 6c of the federal return 1040 or 1040A.
- Qualified disabled dependent exemption. Taxpayers claiming this exemption must complete state form TC-40D, "Disabled Exemption Verification," for each exemption claimed (explanation below). Attach new TC-40D(s) to your return each year the exemption is claimed. Enter the total disabled exemptions. *To qualify for this exemption, the individual must be claimed as a dependent on your tax return. Neither the taxpayer nor the taxpayer's spouse qualifies for this exemption.*

- Add all exemptions and enter the total.

### Qualifications for Disabled Exemption

#### Infants and Toddlers with Disabilities (Ages 0 through 2 years)

A representative from either the State Department of Health or the local early intervention program is authorized to approve this credit. For additional information, contact the

Utah Department of Health, Early Intervention Program, P.O. Box 144720, 44 N. Medical Dr., Salt Lake City, UT 84114-4720, telephone (801) 584-8226 or 1-800-961-4226.

#### School-Age Persons with Disabilities (Ages 3 through 21 year)

Children eligible for the exemption must be diagnosed by a local school district (under guidelines adopted by the State Board of Education), having a disability classified as: autism, deafness, developmental delay (preschool), dual sensory impairment (deaf/blind), hearing impairment, intellectual disability, multidisability, orthopedic impairment, other health impairment, traumatic brain injury, or visual impairment, AND not currently receiving residential services from the Division of Services to People with Disabilities (Department of Human Services) or from the school for the deaf and blind. Students with learning disabilities, behavior disorders, or communication disorders are not eligible for this exemption. Questions concerning programs for children may be directed to your local school district, local school, or the Utah State Office of Education, 250 E. 500 S., Salt Lake City, Utah 84111, telephone (801) 538-7700.

#### Adults With Disabilities (Age 18 and older)

The eligible adult for this exemption must be:

- 18 years or older;
- Eligible for services under Title 62A, Chapter 5 (Services to People with Disabilities);
- Not enrolled in an education program for students with disabilities authorized under Section 53A-15-301; and
- Not enrolled in a school established under Title 53A, Chapter 25 (Schools for the Deaf and Blind).

A support coordinator from the Division of Services for People with Disabilities is authorized to sign the form TC-40D to certify that the adult with disabilities is either enrolled in division services or qualifies for this exemption. A primary care physician or licensed psychologist familiar with the adult's disabilities may also sign form TC-40D, certifying the person qualifies for this exemption.

Questions concerning programs for adults may be directed to the Utah Department of Human Services, Division of Services for People with Disabilities, 120 N. 200 W., Room 411, Salt Lake City, Utah 84103, telephone (801) 538-4200.

Form TC-40D may be obtained by contacting the Tax Commission at the location or telephone numbers listed on page 1 or by contacting one of the agencies noted above.

## 3. ELECTION CAMPAIGN FUND

If your Utah income tax liability on line 22 (line 23 if non or part-year resident) of your Utah income tax return is \$2 or more (\$4 if married filing jointly), you may designate \$2 to be distributed to the campaign fund for the party of your choice. If this is a joint return, your spouse may also designate \$2 to the party of his or her choice. This will not reduce your refund or increase the amount of taxes you owe.

## 4. FEDERAL ADJUSTED GROSS INCOME

Enter your federal adjusted gross income (FAGI) from your federal returns:


**1040, line 33**

**1040EZ, line 4**

**1040A, line 19**

**TeleFile Tax Record, line I**

## 5. STATE INCOME TAX ITEMIZED ON 2000 FEDERAL SCHEDULE A


 **Tip:** If you did not itemize your deductions on federal return 1040, leave blank.

- A. For Federal Adjusted Gross Income LESS than or equal to \$128,950 (or \$64,475 for married filing separate) on line 4 on this return:  
If you filed federal form 1040 and you claimed any income tax paid to Utah, another state, the District of Columbia, or possession of the United States as an itemized deduction on line 5 of federal Schedule A, you must enter the amount claimed as a deduction on line 5 of your Utah income tax return.
- B. For Federal Adjusted Gross Income GREATER than \$128,950 (or \$64,475 for married filing separate) on line 4 on this return:  
If you filed federal form 1040 and you claimed any income tax paid to Utah, another state, the District of Columbia, or possession of the United States as an itemized deduction on line 5 of federal Schedule A, complete the following worksheet to determine the amount to enter on line 5 of your Utah income tax return.

### WORKSHEET

1. Add lines 4, 9, 14, 18, 19, 26, and 27 from federal Schedule A \$ \_\_\_\_\_
2. Add lines 4, 13, and 19, plus any gambling losses included on line 27 of federal Schedule A \_\_\_\_\_
3. Subtract worksheet line 2 from line 1. **If your answer is zero, stop here.** The full amount of state taxes claimed as an itemized deduction must be entered on line 5 of your Utah return \_\_\_\_\_
4. Enter the amount from line 28 on federal Schedule A \_\_\_\_\_
5. Subtract line 4 from line 1 \_\_\_\_\_
6. Subtract line 5 from line 3 \_\_\_\_\_
7. Divide line 6 by line 3 (decimal rate) \_\_\_\_\_
8. Multiply the amount on line 5 of federal Schedule A by the rate on line 7. Enter amount here and on line 5 of your Utah income tax return \$ \_\_\_\_\_

## 6. LUMP-SUM DISTRIBUTION

 **Tip:** If you did not file your federal return using form 4972, leave blank.

If you received a lump sum distribution, and filed federal form 4972, add any amount shown on Part II, line 6 and the amount shown on Part III, line 10 of federal form 4972.  
Shared Distributions: If you shared a lump sum distribution, first multiply the amount on line 10 of form 4972 by the distribution percentage shown in box 9a on your 1099R form. Then add the amount shown on Part II, line 6 on form 4972. Attach a copy of federal form 4972 and any 1099R forms showing the distribution.

## 7. STATE TAXES ALLOCATED FROM AN ESTATE OR TRUST

If state taxes were allocated to you by the fiduciary, include that amount on this line. If a state tax refund was allocated to you by the fiduciary, include that amount as a negative number on this line.

## 8. ADDITIONS TO INCOME FOR MSA, UESP, AND REIMBURSED ADOPTION EXPENSES

**Medical Savings Account (MSA)** *For Utah residents only*  
If you claimed MSA amounts on federal form 1040, you CANNOT claim MSA amounts on lines 8 or 16 of your state return. The account holder of an MSA should receive a "Statement of Withholding for Utah Medical Savings Account," form TC-675M, from his or her account administrator. Include on this line the sum of lines 8 and 9 from form TC-675M. Attach a copy of form TC-675M to the return.

### Utah Educational Savings Plan (UESP)

An account holder (participant) in the Utah Educational Savings Plan should receive a "Statement of Withholding for Utah Educational Savings Plan," form TC-675H, from the UESP trustee. Enter the amount from line 3 of form TC-675H. Attach a copy of form TC-675H to the return. If you have any questions about UESP, call 1-800-418-2551.

### Reimbursed Adoption Expenses.

Include on this line any adoption expense previously deducted from income for which you received reimbursement from your insurance company, a public welfare agency, or a private charitable organization.

*Check the applicable boxes on line 8 and enter the amounts for each box checked. Add together MSA, UESP, and Reimbursed Adoption expenses and enter the total on line 8.*

## 9. TOTAL ADJUSTED INCOME

Add lines 4 through 8.

## 10. STANDARD/ITEMIZED DEDUCTIONS

**Itemized Deductions:** If you itemized your deductions on your federal return, you must use the itemized deduction on your state return. Enter the itemized deduction amount from 1040, Schedule A, line 28.

**Standard Deductions:** The standard deduction is located on the following federal forms:

**1040, line 36**

**1040A, line 22**

**Federal Telefile Tax Record, line J**

**1040EZ,** if you checked "Yes" on line 5 of federal form 1040EZ, enter the amount from line E, of the "worksheet for dependents who checked Yes on line 5" worksheet located on the back of form 1040EZ. If you are single and checked "No" on line 5, enter \$4,400. If you are married filing joint and both checked "NO" on line 5, enter \$7,350.

## 11. PERSONAL EXEMPTIONS

The Utah personal exemption is \$2,100 per person (75 percent of the federal personal exemption). If your federal adjusted income from line 4 on this return is less than or equal to the amount in the following AGI TABLE for your filing status, multiply \$2,100 by the number of exemptions claimed in box 2e. Enter the amount on line 11.

If your federal adjusted gross income on line 4 exceeds the AGI TABLE amounts for your filing status, you are subject to a reduced personal exemption amount. Multiply your federal

exemption amount from line 38 on federal return 1040 by 0.75 and enter the result on line 11.

AGI TABLE	Filing Status
\$ 96,700	Married-separate
\$128,950	Single
\$161,150	Head of household
\$193,400	Married-joint or Qualifying widow(er)

NOTE: If your income exceeds the AGI TABLE amounts and you claim a special disabled exemption (line 2d), please complete the following worksheet to determine your state exemption amount.

#### High Income Worksheet for Disabled Exemption

1. Federal form 1040 line 38 x 0.75 = \_\_\_\_\_
2. Number of exemptions from federal form 1040 line 6d \_\_\_\_\_
3. Divide line 1 by line 2. Enter result \_\_\_\_\_
4. Number of state exemptions on line 2e \_\_\_\_\_
5. Multiply line 3 by line 4 and enter result \_\_\_\_\_

**This is your Utah exemption amount. Enter on line 11.**

### 12. DEDUCTION FOR ONE-HALF OF THE FEDERAL TAX

➡ **Tip:** Self-employment tax and household employment taxes may NOT be included in this deduction.

Locate your federal tax amount from the following federal forms:

**1040A, line 33**

**1040EZ, line 10**

**Federal Telefile Tax Record**, line K box titled 'Tax.'

**1040**, add lines 51, 54 and any "Recapture Taxes" such as low-income housing, included on line 57. Do not include all of line 57 - only the "Recaptured Tax" portion.

Divide your federal tax amount by two and enter the result.

### 13. STATE TAX REFUND INCLUDED IN FEDERAL INCOME

➡ **Tip:** If you did not itemize on your 1999 federal form 1040, leave blank.

If you were required to report any state income tax refund on line 10 of your 2000 federal form 1040, you can deduct that amount on this line of your Utah return.

### 14. RETIREMENT INCOME EXEMPTION/ DEDUCTION

Complete the enclosed state form TC-40A, PART 2 in order to determine your allowable exemption/deduction for retirement income.

#### Qualifications

You do not qualify for the Utah retirement income exemption/deduction if:

- You received a lump sum distribution from a "retirement plan" when your employment was terminated prior to meeting your employer's normal retirement requirements;
- You received a distribution from a "retirement plan" that was terminated by your employer; or
- You are the child (or other nonspouse recipient) receiving qualified income from a deceased employee - only the surviving spouse is entitled to this deduction.

For example: You go to work for another company. The contributions made to your former employer's retirement plan are returned to you when you leave. This distribution would not qualify for the retirement deduction, assuming you did not meet your former employer's normal retirement requirements.

Refer to line 19 instructions on page 9 if you have railroad retirement pension income.

Check the boxes provided on line 14 if you or your spouse are age 65 or older.

#### Instructions For TC-40A, Part 2

Line 1. Age 65 or older - Retirement Income Exemption: Each taxpayer (you and/or your spouse if applicable) who was age 65 or older at the end of the tax year is entitled to an income exemption of \$7,500. This exemption is limited by the amount of your adjusted gross income plus certain interest income. See Line 5 instructions that follow for this limitation.

Line 2. Under age 65 - Retirement Income Deduction:

➡ **TIP:** Disbursements from deferred compensation plans such as 401K and 457 plans DO NOT qualify for this deduction.

Each taxpayer (you and/or your spouse if applicable) who was under age 65 at the end of the tax year and received retirement income may qualify for a deduction up to \$4,800, but not in excess of the qualifying income.

Qualifying income comes in the form of pensions, annuities or taxable retirement social security benefits. The deduction is only available to the taxpayer who earned the qualifying income. Pensions and annuities of one spouse that qualify as retirement income MAY NOT be divided between both spouses. The deduction is limited by the amount of your adjusted gross income plus certain interest income. See Line 5 instructions that follow for this limitation.

Attach all copies of your 1099R, SSA-1099, or other documentation to support this deduction.

Qualifying income for those UNDER age 65: For purposes of determining this deduction, pensions, annuities and taxable retirement social security benefits that meet the following criteria are considered to be "retirement income":

- Paid from an annuity contract purchased under a plan which has been contributed to by your employer and is not revocable by you as provided under Section 404(a) of the Internal Revenue Code;
- Purchased by an employee under a plan which meets the requirements of Section 408 of the Internal Revenue Code (commonly known as "IRA" plans);
- Paid by the United States, a state thereof, or the District of Columbia;
- Taxable retirement social security benefits only if included in your federal adjusted gross income.

Line 5. Exemption/Deduction Limitation: As required by law, your retirement exemption/deduction will be reduced by 50 cents for each \$1 of adjusted gross



income from line 4 of the Utah return plus any lump sum amount on line 6 of the Utah return, plus any interest on line 8b of federal forms 1040A or 1040 that exceed the amounts listed below.

- \$32,000 — married filing joint, head of household, or qualifying widow(er)
- \$16,000 — married filing separate
- \$25,000 — single

## 15. INTEREST FROM U. S. GOVERNMENT OBLIGATIONS

For details regarding the tax-exempt treatment of U.S. securities and obligations, you may order the Tax Commission Publication 33, "Interest from U.S. Obligations."

You may deduct the amount of interest or dividend income from qualified U.S. obligations included in your federal adjusted gross income as outlined in section A below. Before claiming this exemption, you must first subtract expenses as outlined in section B.

### A. Qualified U.S. Government Obligations

Income, including trust income distributed to a beneficiary, from the following sources is exempt from Utah income tax under federal law: interest income on bonds (such as H, HH, E, or EE bonds) or other obligations of the U. S. government or its possessions, and interest or dividends on bonds or securities of any United States authority, commission, or instrumentality exempt from state income taxes under federal law (see Test For Qualifying U.S. Obligations below).

If the income is paid out of a trust, include with your return a schedule showing the calculation of income. Include the name, residency, and federal identification number of the trust making the distribution.

Income NOT exempt from Utah state income tax includes:

- *Interest or dividends from Federal National Mortgage Association (FNMA) and Government National Mortgage Association (GNMA); and*
- *Interest on refunds from the Internal Revenue Service or any federal agency or department.*

### B. Subtract Expenses For Qualified U.S. Government Obligations

Before entering the U.S. Qualified Government Obligations income as a deduction on your state return, you must first subtract certain expenses if those expenses were claimed as deductions on your federal return to calculate your federal taxable income. Expenses include interest expense on money borrowed to purchase or carry bonds or securities and ordinary and necessary expenses paid or incurred in connection with producing exempt income.

#### TEST FOR QUALIFYING U.S. OBLIGATION EXEMPT FROM STATE TAX

Smith vs. Davis 323 U.S. 111 (1944): The U.S. Supreme Court in Smith vs. Davis has set forth the Smith test as a basis for determining whether instruments qualify as U.S. government obligations. To qualify as a U.S. government obligation exempt from state taxation, the instruments must (1) be written documents, (2) bear interest, (3) contain a binding promise by the United States to pay specific sums at specified dates, and (4) have congressional authorization that also pledges the full faith and

credit of the United States in support of the promise to pay. The constitutional doctrine of intergovernmental immunity exempts federal obligations from state and local tax authority when obligations are issued to secure credit to carry on the necessary functions of government.

## 16. MSA AND UESP DEDUCTION

### Medical Savings Account (MSA) For Utah residents only


If you claimed MSA amounts on federal form 1040, you CANNOT claim MSA amounts on lines 8 or 16 of your state return. The UTAH RESIDENT account holder of an MSA should receive a "Statement of Withholding for Utah Medical Savings Account," form TC-675M, from his or her account administrator. Include on this line the sum of lines 5 and 6 from form TC-675M. Attach a copy of form TC-675M to the return.

### Utah Educational Savings Plan (UESP)

An account holder (participant) and beneficiary who has received a distribution from UESP, should receive a "Statement of Withholding For Utah Educational Savings Plan," form TC-675H, from the UESP trustee. An account holder may deduct the amount from line 1 of form TC-675H and a beneficiary may deduct the amount from line 4. Attach a copy of TC-675H to the return. If you have any questions about UESP, call 1-800-418-2551.

*Check the applicable boxes on line 16 and enter the amounts for each box checked. Add together MSA and UESP deductions and enter the TOTAL on line 16.*

## 17. HEALTH CARE INSURANCE PREMIUM DEDUCTION

 **TIP:** Premiums that were itemized or otherwise deducted in determining the federal taxable income on the federal return cannot be deducted on the Utah income tax return.

Qualified taxpayers may deduct 100 percent of the premiums paid by the taxpayer for health care insurance during the taxable year for the taxpayer, spouse, and dependents, including Medicare Plans A & B. Taxpayers may NOT take this deduction: (1) for premiums paid for health insurance if the premiums were deducted under IRS Code Sections 125, 162, or 213; (2) for premiums fully or partially reimbursed or funded by the federal, state, or any agency or instrumentality of the federal government or state, excluding Medicare; or (3) if the taxpayer (or spouse), including a retired taxpayer or spouse, is eligible to participate in a health plan fully or partially maintained and funded by an employer.

### EXAMPLES:

The examples below are intended to clarify specific situations when health care premiums may or may not be deductible. If you still have questions after reading the examples, contact the Utah State Tax Commission for assistance.

#### EXAMPLE 1

A married couple are filing a joint return, are retired, and participate in Medicare plans A or B. The Medicare Plans A or B are funded by the federal government. No deduction is allowed for any amount that is funded or reimbursed in whole or in part by the federal government. The premiums paid by the taxpayers are not funded or reimbursed by the federal government and are deductible for the entire amount of the premiums paid by the taxpayers.



If the taxpayers pay premiums of \$1,200 and, at the end of the year, receive a \$200 reimbursement from the federal government, the total deductible amount is only \$1,000. A deduction is allowed for the amount of any premium paid by the taxpayer, which is in excess of any portion paid or reimbursed by the federal government.

#### **EXAMPLE 2**

A taxpayer participates in Medicare Plans A or B and is not eligible to participate in an employer provided health plan. The taxpayer purchases a supplemental plan that is funded entirely by the taxpayer. The premiums paid for the supplemental plan would also qualify for the deduction. The supplemental plan would qualify because the taxpayer is not eligible to participate in an employer provided health plan and the premiums for the supplemental health care plan are not reimbursed or funded by any governmental agency.

#### **EXAMPLE 3**

A taxpayer is eligible to participate in an employer plan and contributes to those premiums. The taxpayer also purchases a supplemental plan that is funded entirely by the taxpayer. None of the premiums will qualify for the deduction because the taxpayer is eligible to participate in a plan funded in whole or part by his employer.

#### **EXAMPLE 4**

A taxpayer is eligible to participate in an employer plan. The plan provides coverage for the taxpayer's family, but only if the taxpayer pays an additional premium. The taxpayer elects not to have her family covered by the plan, choosing instead to purchase a separate, less expensive plan for her spouse and children. Since the taxpayer's spouse and children were eligible to be included in the employer plan, although at an additional cost, a deduction for the separate plan is not allowed.

#### **EXAMPLE 5**

A taxpayer is eligible to participate in a health care plan provided by the employer. The plan does not provide any coverage for the taxpayer's family. The taxpayer purchases a separate plan for his wife and children. Since taxpayer's wife and children are not eligible to be included in the employer's health plan, the deduction for the separate plan would be allowed.

Caution: This will rarely happen because most plans allow an employee to pay an additional portion of the premium for a spouse and dependents. (See Example 4).

### **18. LONG-TERM CARE INSURANCE PREMIUM DEDUCTION**

A deduction may be taken for premiums paid during the taxable year for long-term care insurance. Long-term care insurance premiums that were deducted under IRC Section 213 in determining the federal taxable income on the federal return cannot be deducted on the Utah income tax return.

Long-term care insurance policy means any insurance policy designed to provide coverage

- For not less than 12 consecutive months; and
- For medically necessary services provided in a setting other than an acute care unit of a hospital.

The term "long-term care insurance policy" includes group and individual annuities and life insurance policies or riders that provide or supplement long-term care insurance. The term also includes a policy or rider that provides for payment of benefits based upon cognitive impairment or the loss of functional capacity.

Long-term care insurance does NOT include any insurance policy that is offered primarily to provide:

- Basic Medicare supplement coverage,
- Basic hospital expense coverage,
- Basic medical-surgical expense coverage,
- Hospital confinement indemnity coverage,
- Major medical expense coverage,
- Disability income or related asset-protection coverage,
- Accident only coverage,
- Specified disease or specified accident coverage, or
- Limited benefit health coverage.

### **19. OTHER DEDUCTIONS**

Check the applicable boxes on line 19 and enter the amounts for each box checked. Attach a schedule or explanation of any other deductions.

**Adoption Expenses:** This deduction applies to the actual qualified adoption expenses of the birth mother, the legal guardian of the birth mother (or another acting on behalf of the birth mother), or the adoptive parents. Expenses include:

- Any medical and hospital expenses of the birth mother of the adopted child that are incidental to the child's birth;
- Living expenses of the birth mother (if paid by the adoptive parents as part of their adoption expenses);
- Actual travel costs incurred exclusively for the purpose of completing adoption arrangements; and
- Any welfare agency, child placement service, legal and other fees or costs relating to the adoption.

Qualified adoption expenses may be deducted, even if the adoption process is terminated. Qualified adoption expenses must be deducted in the tax year in which the expenses are paid. Keep all personal records, forms, and worksheets to support your deduction.

**Railroad Retirement Pensions:** If you received railroad retirement benefits paid by the Railroad Retirement Board, which have been reported on form RRB 1099 as Tier I or Tier II income, that income can be excluded from Utah taxable income. If railroad retirement pensions are deducted on line 14, do not deduct again on line 19. If you received pension payments under the Railroad Retirement Act and are required to report all or part of the amount received (Tier I, Tier II, or both) as income on lines 16b and/or 20b on federal form 1040, you may deduct that amount from Utah income. If other amounts are entered on lines 16b and/or 20b, deduct only the railroad retirement amounts reported on lines 16b and/or 20b of the federal form 1040 or lines 12b and/or 14b of 1040A.

**Native American Income:** An enrolled member of a Native American tribe in Utah who lives and works on the reservation on which he/she is an enrolled member is exempt from Utah income tax on the reservation income. An enrolled member of the Ute tribe who works on the Uintah and Ouray Reservation and lives on land removed from that reservation

under Hagen v. Utah (510 U.S. 399 (1994)) is exempt from Utah income tax on income earned on the reservation.

Enter the exempt income that is included in your federal adjusted gross income, and attach a statement giving the name of the nation or tribe and the enrolled or census number.

**Other:** This may include equitable adjustments.

## 20. TOTAL DEDUCTIONS

## 21. UTAH 2000 TAXABLE INCOME

## 22. UTAH INCOME TAX CALCULATED

### IMPORTANT - PLEASE READ

**FULL-YEAR UTAH RESIDENTS:** Complete the Tax Calculation Worksheet on page 19 using the Utah 2000 Taxable Income amount on line 21. *Use WORKSHEET A if you filed as Single or Married Filing Separate. Use WORKSHEET B if you are Head of Household, Married Filing Joint, or Qualifying Widow(er).* The results from the worksheet will be your Utah tax.

**NON OR PART-YEAR RESIDENTS:** To calculate the income tax you owe to Utah, you must follow the instructions for line 23. Attach a copy of your federal return, schedules, and W-2s.

## 23. NONRESIDENT AND PART-YEAR RESIDENT ONLY - TAX CALCULATED

**STEP 1:** Use the Tax Calculation Worksheet on page 19 to calculate the tax for line 22. *Use WORKSHEET A if you filed as Single or Married Filing Separate. Use WORKSHEET B if you are Head of Household, Married Filing Joint, or Qualifying Widow(er).*

**STEP 2:** COMPLETE state form TC-40A, PART 3: Non or Part-Year Residents Only, included in this booklet. *Transfer the totals from Columns A and B, line h, to line 23 of the return.*

**STEP 3:** On line 23, divide the total in "Box a" by the total in "Box b" and enter the resulting decimal in "Box c," rounding to four decimal places.

**STEP 4:** Multiply the amount on line 22 by the decimal in "Box c" on line 23. This is your Utah tax for line 23.

Attach a copy of TC-40A and a copy of your federal return to your Utah return. Keep copies for your records.

## 24. UTAH USE TAX

Utah residents (both full and part-year) who purchased items or services outside Utah for use or consumption in Utah and did not pay sales or use tax on those items at the time of purchase, or who paid sales or use tax at a lower rate than the required use tax rate for the area where they reside, must pay use tax on the purchase price at the rate applicable in the city or county in which they live. Use tax of \$400 or less may be paid on this line; use tax exceeding \$400 must be filed and paid on a sales and use tax return. Use tax applies to the following purchases:

- Goods purchased in another state and transported to Utah for use or consumption.
- Goods purchased from a catalog and shipped into Utah for use or consumption.
- Goods purchased over the Internet and shipped into Utah for use or consumption.

Credit is allowed for sales taxes paid in another state or for Utah use tax collected by the vendor. No credit is given for taxes paid in foreign countries.

For example, if you live in a city with a sales and use tax rate of 6%, and you purchased an item from a mail order catalog for \$100, the use tax due on that item is \$6. If the vendor, outside Utah, did not collect the \$6 use tax, you are liable to pay that amount on this income tax return. Or, if the vendor collected use tax of 5% (\$5), which is less than the rate in effect where you live, you are liable for an additional \$1 of use tax.

*Complete the worksheet below to determine the use tax. Use the city tax rate from the list following the worksheet. If your city is not listed, use the county rate.*

### WORKSHEET FOR COMPUTING UTAH USE TAX


(Retain this worksheet for your records.)

1. Total amount of purchases subject to use tax \$ \_\_\_\_\_
2. Use tax rate from rate chart (decimal) \_\_\_\_\_
3. Use tax (multiply line 1 by line 2) \$ \_\_\_\_\_
4. Credit for sales tax paid \$ \_\_\_\_\_
5. Use tax due (line 3 less line 4) *Enter ZERO if less than ZERO* \$ \_\_\_\_\_

### Use Tax Rate Chart (Effective Dec. 31, 2000)

<b>.0600</b> Beaver County	<b>.0600</b> Sanpete County
<b>.0700</b> Beaver	<b>.0625</b> Ephraim, Gunnison
<b>.0600</b> Box Elder County	<b>.0600</b> Sevier County
<b>.0625</b> Brigham, Perry, Willard	<b>.0625</b> Richfield, Salina
<b>.0600</b> Cache County	<b>.0600</b> Summit County
<b>.0625</b> Logan	<b>.0725</b> Park City
<b>.0600</b> Carbon County	<b>.0575</b> Tooele County
<b>.0625</b> Price	<b>.0600</b> Erda, Grantsville, Lakepoint, Lincoln, Tooele City, Stansbury Park
<b>.0600</b> Daggett County	<b>.0650</b> Uintah County
<b>.0625</b> Davis County	<b>.0675</b> Vernal
<b>.0600</b> Duchesne County	<b>.0600</b> Utah County
<b>.0625</b> Roosevelt	<b>.0625</b> Alpine, American Fork, Lehi, Lindon, Mapleton, Orem, Payson, Pleasant Grove, Provo, Provo Canyon, Salem, Highland, Spanish Fork, Springville, Cedar Hills
<b>.0575</b> Emery County	<b>.0600</b> Wasatch County
<b>.0750</b> Green River	<b>.0625</b> Heber
<b>.0700</b> Garfield County	<b>.0600</b> Washington Cnty
<b>.0800</b> Boulder, Panguitch, Tropic	<b>.0625</b> Hurricane, Ivins, La Verkin, St. George, Santa Clara, Washington City
<b>.0600</b> Grand County	<b>.0750</b> Springdale
<b>.0775</b> Moab, East Green River	<b>.0600</b> Wayne County
<b>.0600</b> Iron County	<b>.0625</b> Weber County
<b>.0775</b> Brian Head	
<b>.0600</b> Juab County	
<b>.0625</b> Nephi	
<b>.0675</b> Kane County	
<b>.0775</b> Kanab	
<b>.0575</b> Millard County	
<b>.0600</b> Morgan County	
<b>.0600</b> Piute County	
<b>.0600</b> Rich County	
<b>.0635</b> Salt Lake County	
<b>.0735</b> Alta	
<b>.0600</b> San Juan County	
<b>.0650</b> Monticello	

## 25. SUBTOTAL - UTAH INCOME TAX AND USE TAX

 **TIP:** This total is NOT your tax due or refund. You **MUST** also complete lines 26 through 38 on the back of your return.

### IMPORTANT - PLEASE READ

**UTAH RESIDENTS:** Add lines 22 and 24.

**NON OR PART-YEAR RESIDENTS:** Add lines 23 and 24.

## 26. ENTER AMOUNT FROM LINE 25.

## 27. CONTRIBUTIONS

Taxpayers may contribute to the following approved funds. Descriptions of the approved funds are provided below.

### 27a. Utah Homeless Trust Fund

Contribute \$2 or more. Contributions provide funds to the Homeless Trust Fund for services and programs statewide to help Utahns become self-sufficient. For information, contact the Utah Dept. of Community and Economic Development, 324 S State, Suite 500, SLC, UT 84111, telephone (801) 538-8722.

### 27b. Kurt Oscarson Children's Organ Transplant

Contribute \$1 or more. Contributions provide financial assistance to the families of children in need of organ transplants. Contact the representative for the Department of Health at 7247 So. Santa Maria Circle, West Jordan UT 84084, telephone (801) 566-5356 or 243-7060.

### 27c. Utah Nongame Wildlife Fund

Contribute \$1 or more. Contributions provide funding to the Utah Division of Wildlife Resources for management, preservation, protection, and perpetuation of nongame wildlife species. For information contact the Utah Division of Wildlife Resources, 1594 W North Temple, Suite 2110, SLC, UT 84116, telephone (801) 538-4853.

### 27d. State Board of Regents (State Colleges and Universities)

Contribute \$1 or more. Contributions provide funds to the Utah State Board of Regents to help fund libraries and library equipment. Indicate to which college or university you would like your contribution applied by entering the corresponding code in the box provided. If you contribute, you must specify one of the following college or university codes.

Codes	Codes
01 College of Eastern Utah	02 Dixie College
03 S. L. Community College	04 Snow College
05 Southern Utah University	06 University of Utah
07 Utah State University	08 Utah Valley State College
09 Weber State University	

### 27e. Nonprofit School District Foundation

Contribute \$1 or more. Contributions provide funds to school district foundations, which are private, nonprofit entities established to promote: (1) partnership activities between schools and communities; (2) charitable giving activities that can be dedicated to specific educational programs; and (3) opportunities for scientific, educational, literary, and improvement objectives. Indicate to which school district you would like your contribution applied by entering the corresponding code

in the box provided. If you contribute, you must specify one of the following school district codes.

Code	Code	Code	Code
01 Alpine	11 Grand	21 Nebo	31 Sevier
02 Beaver	12 Granite	22 N. Sanpete	32 S. Sanpete
03 Box Elder	13 Iron	23 N. Summit	33 S. Summit
04 Cache	14 Jordan	24 Ogden	34 Tintic
05 Carbon	15 Juab	25 Park City	35 Tooele
06 Daggett	16 Kane	26 Piute	36 Uintah
07 Davis	17 Logan	27 Provo	37 Wasatch
08 Duchesne	18 Millard	28 Rich	38 Washington
09 Emery	19 Morgan	29 Salt Lake	39 Wayne
10 Garfield	20 Murray	30 San Jaun	40 Weber
		41 Utah Assistive Technology Chapter	

## 28. AMENDED RETURNS ONLY - PREVIOUS REFUNDS

This line is used only for amended returns. When filing an amended return, enter the amount of all refunds, credits, or offsets of state income tax received for the tax year being amended. You should exclude refund interest from this amount. This amount is then added into your total tax and contributions.

## 29. TOTAL TAX AND CONTRIBUTIONS


## 30. UTAH INCOME TAX WITHHELD

Enter the amount of UTAH TAX WITHHELD. Utah tax withheld is identified by the code "UT." The state abbreviation and the amount withheld are found on the following forms:

- W-2, boxes 16 and 18.
- 1099MISC, boxes 12 and 13.
- 1099R, boxes 10 and 11.

Nonresident Shareholder's Withholding Tax Credit is entered on line 35c and should **not** be entered on line 30.

## 31. CREDIT FOR INCOME TAXES PAID TO ANOTHER STATE (NONRESIDENTS DO NOT QUALIFY)

 **TIP:** If you completed line 23 of the Utah return and the income earned in another state(s), the District of Columbia, or a possession of the United States was NOT included in box a (line 23) you cannot take this credit.

As a Utah resident you must report all of your income regardless of where it was earned.

A part-year resident is an individual who is domiciled in Utah for part of the year and is domiciled outside Utah for part of the year. All income received during the period of Utah residency by a part-year resident is taxable in Utah, regardless of the source of that income. Income from Utah sources is taxable in Utah during the period of non-residency.

A Utah resident or part-year resident whose income is taxed by Utah AND another state(s), the District of Columbia, or a possession of the United States, is entitled to a credit against Utah income tax for the amount of tax imposed by that other state(s).

**Calculate the Credit:** To calculate the credit for taxes paid to another state, complete the Utah form TC-40A, PART 1, included in this booklet. If there are more than two states, use additional copies of TC-40A.

**Attachments Required:** You MUST attach TC-40A and a signed copy of each state's income tax return for which credit is claimed.



## 32. CREDITS FOR UTAH INCOME TAXES PREPAID

Prepayments include prepayments you made using form TC-546, "Prepayment of Income Tax," and funds from previous year's refund applied as a credit to your current tax liability.

## 33. AMENDED RETURNS ONLY - PREVIOUS PAYMENTS

This line should only be used for amended returns. When filing an amended return, enter the amount of tax paid with the original return and/or subsequent payments of the tax prior to filing this amended return.

## 34. NONREFUNDABLE CREDITS

 **TIP:** Nonrefundable credits can bring your income tax to zero, but cannot result in a refund.

### IMPORTANT- PLEASE READ

**UTAH RESIDENTS:** If you are a full-year Utah resident, the sum of your nonrefundable credits cannot be greater than the amount on line 22 less line 31 (*subtract line 31 from line 22*).

**NON OR PART-YEAR RESIDENTS:** If you are a nonresident or part-year resident, the sum of your nonrefundable credits cannot be greater than the amount on line 23 less line 31 (*subtract line 31 from line 23*).

Write the **code, name and amount** of each nonrefundable credit you qualify for on lines 34a through 34e. A description of each nonrefundable credit follows the list below.

#### Codes for line 34a through 34e

<b>01</b> - At-Home Parent	<b>08</b> - Low Income Housing
<b>02</b> - Qualified Sheltered Workshop	<b>09</b> - Hiring Disabled
<b>03</b> - Renewable Energy Systems	<b>10</b> - Recycling Market
<b>04</b> - Clean Fuel Alternative	<b>11</b> - Tutoring Disabled
<b>05</b> - Clean Fuel Vehicle	<b>12</b> - Research Activities
<b>06</b> - Historic Preservation	<b>13</b> - Research Mach./Equip.
<b>07</b> - Enterprise Zone	

Add lines 34a through 34e.

#### (01) At-Home Parent Tax Credit (UCA §59-10-108.1)

An at-home parent may claim a nonrefundable credit of \$100 for each child 12 months old or younger on the last day of the taxable year for which the credit is claimed. For purposes of this credit, "at-home parent" includes:

- Biological mother or father,
- Stepmother or stepfather,
- Adoptive parents,
- Foster parents,
- Legal guardian, or
- Individuals in whose home the child is placed by a child-placing agency for the purpose of legal adoption.

To qualify for the credit the following criteria must be met:


1. The child must be 12 months or younger on the last day of the taxable year for which the credit is claimed.
2. The at-home parent must provide full-time care in the at-home parent's residence.
3. The child must be claimed as a dependent by the at-home parent.
4. The sum of the at-home parent's total wages, tips, and compensation listed on federal W-2 forms and the gross

income on federal Schedule C, 'Profit or Loss From a Business,' line 7, must be \$3,000 or less for the taxable year.

5. If the at-home parent files a joint return with another taxpayer, the federal adjusted gross income of both taxpayers must be \$50,000 or less.

#### (02) Qualified Sheltered Workshop Cash Contribution Credit (UCA §59-10-108)

*There is no form for this credit. Make sure you keep any documentation to support this credit. **The name of the qualified workshop must be written on the return to obtain credit.***

 **TIP:** Charitable contributions claimed on the federal Schedule A cannot be claimed as a credit on the Utah return.

Cash contributions made within the tax year to a qualified nonprofit rehabilitation sheltered workshop facility for the handicapped operating in Utah are eligible for a credit against Utah income taxes. Check with the workshop to make sure they have a current Day Training Provider License or Day Support Provider Certificate issued by the Department of Human Services. The credit is equal to 50 percent of the total of cash contributions, not to exceed \$200. Contributions claimed as a tax credit under this section may not also be claimed as a charitable deduction in determining net taxable income.

Contact Contract Administrator, Division of Services for Person's with Disabilities, 120 N 200 W #411, Salt Lake City, UT 84103; telephone (801) 538-4200 for more information.

#### (03) Renewable Energy Systems Tax Credit (UCA §59-10-602 & 603)

*Attach form TC-40E, "Renewable Energy Systems Tax Credit" with the Office of Energy and Resource Planning stamp, verifying the credit has been approved.*

To qualify for the Renewable Energy Systems Tax Credit, you must have installed or upgraded a renewable energy system, such as solar or wind generated power systems, during the tax period. Energy savings devices, such as insulation, siding, thermal windows, and high efficiency furnaces that do not contain a renewable component, do not qualify.

In order to determine if your system or system components and installation qualify for the tax credit, you must submit a written application, complete with signatures and photocopies of receipts, to the Office of Energy and Resource Planning (OERP). Application forms can be obtained from the OERP, 1594 W. North Temple, Suite 3610, Box 146480, SLC, UT 84114-6480, telephone (801) 538-5428 or through the Internet at [www.nr.state.ut.us/energy/home.htm](http://www.nr.state.ut.us/energy/home.htm). If it is determined that your system meets the eligibility requirements, OERP will send you a TC40E form with information on your eligible system and installation costs and the OERP stamp of approval for you to complete and submit with your taxes.

#### (04) Clean Fuel Alternative Credit (UCA §59-10-128)

*Complete and attach form TC-40F, "Clean Fuel Alternative Tax Credit" with the Utah Energy Office seal, verifying the credit has been approved.*



To qualify you must have purchased and installed EPA certified pellet burning stoves, high mass wood stoves, solid fuel burning devices, and natural gas or propane free standing fireplaces or inserts.

Contact the Division of Air Quality, Department of Environmental Quality, 150 North 1950 West, SLC, UT 84116-0385; telephone (801) 536-4000 to obtain form TC-40F, certification, and for additional information.

**(05) Clean Fuel Vehicle Credit (UCA §59-10-127)**

*Complete and attach form TC-40V, "Clean Fuel Vehicle Tax Credit," with the Division of Air Quality approval stamp, verifying the credit has been approved.*

To qualify you must have purchased new vehicles that are fueled by propane, natural gas, or electricity and registered in Utah for the first time; purchased and installed equipment to convert vehicles to be fueled by propane, natural gas, or electricity; or purchased and installed equipment to convert special fuel mobile equipment to be fueled by propane, natural gas, or electricity.

Contact the Division of Air Quality, Department of Environmental Quality, 150 North 1950 West, SLC, UT 84116-0385; telephone (801) 536-4000 to obtain form TC-40V, approval, and for additional information.

**(06) Historic Preservation Credit (UCA §59-10-108.5)**

*Complete and attach form TC-40H, "Historic Preservation Tax Credit" with the State Historic Preservation Office certification, verifying the credit has been approved.*

This is a credit for costs incurred in connection with qualified rehabilitation of any residential certified historic building. Unused credits may be carried forward five years as a credit against Utah tax due.

Contact the State Historic Preservation Office, 300 Rio Grande, SLC, UT 84101; telephone (801) 533-3563 to obtain form TC-40H, certification, and for additional information.

**(07) Enterprise Zone Credit (UCA §9-2-413)**

*There is no form for this credit. Keep any documentation to support this credit.*

For businesses to qualify for the enterprise zone credit, at least 51 percent of the employees employed by the business located in the enterprise zone must reside in the county in which the enterprise zone is located.

- Public utilities and businesses engaged in retail trade are not eligible for this credit.
- Construction jobs are not eligible for the tax credits in paragraphs 1- 4 below.

The following state tax credits are applicable to qualifying businesses in an enterprise zone.

1. A credit of \$750 for each new full-time position filled for not less than six months during a tax year.
2. An additional \$500 tax credit if the new position pays at least 125 percent of the county average monthly nonagricultural payroll wage for the respective industry as determined by the Department of Workforce Services. If this information is not available, the job must pay at least

125 percent of the total average monthly nonagricultural payroll wage in the respective county where the enterprise is located.

3. An additional credit of \$750 may be claimed if the new position is in a business that adds value to agricultural commodities through manufacturing or processing.
4. An additional \$200 credit may be claimed for two consecutive years for each new employee who is insured under an employer-sponsored health insurance program, if the employer pays at least 50 percent of the premium cost for two consecutive years.
5. A 50 percent credit, not to exceed \$100,000, for cash contributions made to a private nonprofit corporation that is exempt from federal income tax under Section 501(c)(3) of the IRS Code, whose primary purpose is community and economic development, and is accredited by the Utah Rural Development Council Board of Directors.
6. A 25 percent credit of the first \$200,000 spent on rehabilitating a building, vacant for two years, in the enterprise zone.
7. An annual investment tax credit of 10 percent of the first \$250,000 investment and 5 percent of the next \$1,000,000 qualifying investment in plant, equipment, or other depreciable property.

A business claiming a credit under paragraphs 1- 4 may claim a credit for 30 full-time employee positions or less in each of its taxable years.

A business may claim an additional credit for a full-time employee position under paragraphs 1 - 4 above if:

1. The business creates a new full-time employee position;
2. The total number of full-time employee positions is greater than the number of full-time employee positions previously claimed by the business under paragraph 1 - 4; and
3. The total number of credits claimed for its current taxable year, including the new full-time employee positions being claimed as a credit, is less than or equal to 30.

If the tax credit exceeds the tax owed, the credit amount exceeding the amount owed may be carried forward for a period that does not exceed the next three taxable years.

Indian tribes may apply for enterprise zone designation within an Indian reservation.

If enterprise zone credits are being taken on your ownership in a partnership or S corporation, you must allocate the credits calculated above based on your respective percentage of ownership.

Contact the Department of Community and Economic Development, 324 S. State St., Suite 500, SLC, UT 84111, telephone (801) 538-8782 to obtain additional information.

**(08) Low Income Housing Credit (UCA §59-10-129)**

*Complete and attach forms TC-40TCAC, "Utah Low-Income Housing Tax Credit Allocation Certification," and TC-40LI, "Summary of Utah Low-Income Housing Tax Credit," to your return. If you are carrying this credit forward or backward, you must also attach form TC-40LIC, "Utah Low-Income Housing Tax Credit Carryback and/or Carryforward," to your return.*

This credit is an amount, determined by the Utah Housing Finance Agency, for the owners of a low-income housing project that have also received an allocation of the federal low-income housing tax credit. Unused credits may be carried back three years or carried forward five years.

When this credit is applicable, the project owner will provide form TC-40CAC (executed by the Agency) to the taxpayer. Contact the Utah Housing Finance Agency, 554 South 300 East, SLC, UT 84111, telephone (801) 521-6950.

#### **(09) Credit For Employers Who Hire Persons With Disabilities (UCA §59-10-109)**

*Complete and attach form TC-40HD, "Tax Credit for Employers Who Hire Persons with Disabilities," showing certification.*

The credit is for employers hiring individuals with disabilities who: (1) worked in this state for at least 6 months in a taxable year for that employer; and (2) is paid at least minimum wage by that employer.

Individuals with disabilities are defined as individuals who: (1) have been receiving services from a day-training program or from a supported employment program for persons with disabilities, which is certified by the Department of Human Services as a qualifying program for at least six consecutive months prior to working for the employer claiming the tax credit; or (2) are eligible for services from the Division of Services for People with Disabilities at the time the individuals begin working for the employer claiming the tax credit. Contact the Utah Department of Human Services, Division of Services for People with Disabilities, 120 N. 200 W., Room 411, SLC, Utah 84103, telephone (801) 538-4200 to obtain form TC-40HD, certification and for additional information.

#### **(10) Recycling Market Development Zones (UCA §59-10-108.7)**

Attach the completed form TC-40R, "Recycling Market Development Zone Tax Credit," with the Department of Community and Economic Development certification verifying the credit has been approved.

The Utah legislature has authorized credit to individuals and businesses operating in a designated recycling market development zone as defined in UCA §9-2-1602.

Contact the Department of Community and Economic Development, 324 S. State Street, Suite 500, SLC, UT 84111, (801) 538-8804 (or email [lprrall@dc.ed.state.ut.us](mailto:lprrall@dc.ed.state.ut.us)) to obtain form TC-40R, certification, and for additional information.

#### **(11) Tutoring Credit For Disabled Dependents (UCA §59-10-130)**

*There is no form for this credit. Make sure you keep any documentation to support this credit.*

This is a credit of 25 percent, up to \$100, of the cost paid by the taxpayer for tutoring a disabled dependent.

A disabled dependent is defined as a person who: (1) is disabled under UCA §53A-15-301; (2) attends a public or private kindergarten, elementary, or secondary school; and (3) is eligible to receive disability program monies under UCA §53A-17a-111.

Tutoring, for purposes of this credit means educational services approved by an individual education plan team and provided to a disabled dependent that supplements classroom instruction the disabled dependent receives at a public or private kindergarten, elementary, or secondary school in the state.

Tutoring does not include:

1. Purchases of instructional books and materials; and
2. Payments for attendance at extracurricular activities, including sporting events, musical or dramatic events, speech activities, or driver education.

Contact the Utah State Board of Education at (801) 538-7700 for additional information.

#### **(12) Tax Credit for Increasing Research Activities (UCA §59-10-131)**

The credit is for expenses incurred for increasing qualified research activities in Utah. A qualifying taxpayer may claim the credit in the taxable year immediately following the taxable year for which the taxpayer qualifies for the credit.

A qualifying taxpayer may take the following nonrefundable credits for research activities in Utah:

- 1) A research credit of 6 percent of the taxpayer's qualified research expenses for the current taxable year that exceed the base amount; and
- 2) A credit for payments to qualified organizations for basic research, as provided in IRC Section 41(e), of 6 percent for the current taxable year that exceed the base amount.

For detailed information regarding this credit, including definition of terms and procedures for claiming the credit, refer to UCA §59-10-131.

#### **(13) Tax Credit for Machinery and Equipment Used to Conduct Research (UCA §59-10-132)**

The credit is for machinery, equipment, or both used primarily for conducting qualified research or basic research in Utah for a time period of not less than 12 consecutive months. A qualifying taxpayer may claim the credit in the taxable year immediately following the taxable year for which the taxpayer qualifies for the credit.

A qualifying taxpayer may take the following nonrefundable credits:

1. A credit of 6 percent of the purchase price of certain machinery and equipment primarily used to conduct qualified research in Utah; and
2. A credit of 6 percent of the purchase price of certain machinery and equipment donated to a qualified organization and used primarily to conduct basic research in Utah.

For detailed information regarding this credit, including definition of terms and procedures for claiming the credit, refer to UCA §59-10-132.

### **35. OTHER CREDITS**

#### **35a. Mineral Production Withholding Tax Credit**

Enter on line 35a the total of the mineral production tax withheld as shown on forms TC-675R or federal schedule K-1(s) for 2000. Be sure to attach copies of form TC-675R or K-1 to the return to receive proper credit. (Include with other W-2 and 1099 forms.)

### 35b. Agricultural Off-Highway Gas/Undyed Diesel Tax Credit

Attach federal form 1040 Schedule F or K-1. There is no state form for this credit. Make sure you keep all personal records, forms, and worksheets to support this credit.

The credit is 24.5 cents per gallon only for motor fuel and undyed diesel fuel purchased in Utah to operate stationary farm machinery used solely for commercial nonhighway agricultural use that was taxed at the time of purchase.

Activities that DO NOT qualify for this credit include, but are not limited to, the following: golf courses, horse racing, boat operations, highway seeding, vehicles registered for highway use, hobbies, farming for personal use, etc.

Multiply your total gallons eligible for the credit by 0.245. Write the gallons and credit amount on line 35b of your state return.

### 35c. Non Or Part-Year Residents - Nonresident Shareholders' Withholding Tax Credit

There is no form for this credit. Make sure you keep all personal records, forms, and worksheets to support this credit.

Also, attach a copy of the schedule K-1 issued by the corporation indicating your share of amounts withheld or a statement from the corporation indicating that information.

If you are a nonresident shareholder of an S corporation, you are entitled to a credit on your Utah income tax withheld and paid by the S corporation on behalf of nonresident shareholders. You are entitled to claim a credit equal to your respective share based on ownership as it relates to other nonresident shareholders and the amount withheld by the S corporation on behalf of the nonresident shareholders.

To claim the credit, the federal identification number of the S corporation must be entered on line 35c of your state return.

Write the total of lines 35a through 35c on line 35.

## 36. TOTAL WITHHOLDING AND CREDITS

### 37. TAX DUE

If the AMOUNT shown on line 29 is greater than the AMOUNT on line 36, enter the balance of tax due on this line. Make check or money order payable to the Utah State Tax Commission and write your Social Security number, daytime telephone number, and "2000 TC-40" on your check. DO NOT MAIL CASH. The Tax Commission assumes no liability for loss of cash placed in the mail. DO NOT STAPLE check to return.

*If you file your 2000 income tax return before April 16th, but do not pay the amount due at that time, you must pay by April 16th to avoid penalty and interest. Do NOT send another copy of your 2000 tax return with your payment. Sending a duplicate of your return may delay posting of your payment.*


ALLOW AT LEAST 90 DAYS FOR YOUR RETURN TO BE PROCESSED.

PENALTY AND INTEREST, if applicable, will be billed. Penalty and interest charges are explained in the Penalties and Interest instructions on page 2.

**PAYMENT AGREEMENT:** If you owe tax and did not send your payment with your return, a billing notice will be mailed to you. Upon receiving this notice, you may call (801) 297-7703 or 1-800-662-4335 ext. 7703 to request a formal payment agreement. Please do not send a request for a payment agreement with your return. See page 2 for Penalties and Interest Instructions.

### 38. REFUND

If the AMOUNT on line 36 is greater than the AMOUNT on line 29, enter the amount of refund on this line.

 **Tip:** Your refund will be issued as soon as possible. The earlier you file your refund return, the sooner you will receive your refund. However, allow at least 90 days for your refund to be processed.

**NOTE:** Your refund may be applied to an outstanding federal or state debt you owe.

### Refund Applied To 2001 Taxes

If you wish to have the entire amount of your refund, shown on line 38, credited to your 2001 Utah income tax liability, please check the box shown. IF YOU CHECK THE BOX, NO REFUND WILL BE SENT TO YOU. You will claim a credit for this refund amount on your 2001 income tax return. This election is irrevocable and once made cannot be reversed.

If this is an amended return, you cannot apply your refund to next year's tax liability.

### DIRECT DEPOSIT

 **Tip:** If you choose to deposit your refund directly into your account, you will not receive a check in the mail.

If you want your refund deposited directly into your checking or savings account, enter your financial institution's routing number and your account number.

The check example shown on page 16 indicates where the routing and checking account numbers are located on your checks. If needed, contact your financial institution and they can provide this information to you.

If for any reason your financial institution rejects your request for direct deposit, you will receive a check by mail instead of direct deposit.

You cannot use Direct Deposit if you are AMENDING a return.

### SIGNATURE

Under penalties of perjury, I declare that to the best of my knowledge and belief, this return and accompanying schedules reflect my true tax status.

Your signature		John Q. Taxpayer		Date signed	2/3/01	Occupation	Sales	
Spouse's signature (if filing jointly, both MUST sign even if only one had income)		"DECEASED"		Date signed	2/3/01	Occupation		
Paid Preparer's Section	Paid preparer's signature	John Preparer	Date signed	3/3/01	Check if self-employed	<input checked="" type="checkbox"/>	Preparer's social security no./PTIN	000-00-0000
	Firm's name (or yours if self-employed)	John Preparer	Telephone number		E.I. number			
	Paid preparer's complete address	77 Taxpayer Drive	City	Tax Town	State	UT	ZIP code	80000


You must sign the return. If the return is a joint return, both husband and wife must sign.

### Signature For Deceased

If your spouse died during 2000 or 2001, prior to filing, and you are filing a joint return, please write "DECEASED" in the signature block for your spouse. *See additional "deceased" instructions on pages 2 and 5. Attach form TC-131.*

**Paid Preparers:** The paid preparer must enter his or her name, address, and social security or federal identification number in the section below your signature on the return.

### ENVELOPE

 **Tip:** If you have a refund, be sure to totally darken the BLUE box area on the front of the envelope using BLACK ink so that none of the vertical lines are showing.

An envelope has been provided in this booklet for your convenience in mailing your return and to help you get your refund more quickly.

### ATTACH WITHHOLDING FORMS

To receive credit for Utah taxes withheld, you must attach your W-2, 1099R, 1099MISC, TC-675R, or other forms that show the amount of Utah taxes withheld for 2000. Do NOT staple any check or money order to the return with these forms.

### IRS

All information on your return is compared to information filed with the Internal Revenue Service.

### Direct Deposit Example, See Page 15 For Instructions

<b>JOHN J. TAXPAYER</b> <b>MARY S. TAXPAYER</b> 900 N 500 W My Town, UT 84000		<b>1234</b> <small>15-0000/0000</small>
PAY TO THE ORDER OF _____		\$ _____
_____ DOLLARS		
<b>MY TOWN BANK</b> My Town, UT 84000	<div style="border: 1px solid black; border-radius: 50%; padding: 5px; display: inline-block;">Routing number line 38</div>	<div style="border: 1px solid black; border-radius: 50%; padding: 5px; display: inline-block;">Account number line 38</div>
FOR _____		
⑆ 250250025 ⑆ 000002020202 ⑆ 1234		

**Enter routing number**

2	5	0	2	5	0	0	2	5
---	---	---	---	---	---	---	---	---

**Enter account number**

0	0	0	0	0	2	0	2	0	2	0	2				
---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--

What type of account is it?

☒ Checking  
account

☐ Savings  
account



## SPECIAL INSTRUCTIONS

**STEP ONE: To file using Special Instructions, one spouse must be a full-year Utah resident and the other spouse must be a nonresident or part-year resident.**

EXAMPLE: Sally moved to Utah in 1999. Her husband, Brian, did not move to Utah until June of 2000. This couple qualifies to use Special Instructions for calendar tax year 2000 because Sally is a full-year resident and Brian is a part-year resident during 2000.

EXAMPLE: Doug moved to Utah in May of 2000. His wife, Marleen, does not plan to move to Utah. She decided to remain in Washington. They filed a joint federal return for calendar tax year 2000. They do not qualify for Special Instructions until tax year 2001 because Doug is only a part-year resident in 2000 and Marleen is a nonresident of Utah. The same filing status claimed on their 2000 federal return must be used on their state return. They would qualify for Special Instructions for tax year 2001 if Doug is a full-year resident and Marleen remains a nonresident during calendar year 2001.

### **NOTE FOR MILITARY PERSONNEL**

The spouse of a person in active military service is generally considered to have the military person's domicile and is subject to the same income tax laws and rules that apply to the military person. Nonresidents who are stationed in Utah solely due to military orders are not subject to tax on their military pay in Utah. However, if nonresident personnel or members of their family residing in Utah have earned income from Utah sources, other than active military service pay, they are required to file a Utah tax return and pay any taxes due.

EXAMPLE: Fred and Alice moved to Utah in 2000 due to military orders. Fred is in the military with Nevada as his home of record. They do not qualify to use Special Instructions while living in Utah because Alice retains the Nevada domicile of her military spouse unless Fred changes his "Home of Record" to Utah. If they file a joint federal return for 2000, they would file a joint return with Utah.

If the nonmilitary spouse was a Utah resident before marrying the military spouse or the nonmilitary spouse came to Utah to live without the military spouse, the nonmilitary spouse who is a full-year resident of Utah qualifies to file a separate Utah return using Special Instructions.

NOTE: Couples who qualify to use these Special Instructions may use a different method than outlined on this page to calculate their separate state taxable incomes, if that method more accurately reflects each spouse's separate state taxable income. Include documentation of your computations with your return.

**STEP TWO: If you qualify to use these Special Instructions as stated in STEP ONE, you can file a federal return as married filing joint and file Utah returns as married filing separate.**

***If you do not qualify to use these Special Instructions, the filing status claimed on your Utah return must match the filing status shown on your federal return.***

Both of you must compute your Utah taxable income as if your federal income had been computed separately, as follows:

1. Determine the amount of the total federal adjusted gross income (FAGI) pertaining to each spouse. Any adjustments that apply jointly to both spouses must be divided between the spouses in proportion to the respective incomes of the spouses. Documentation of your computations should be included with your return.
2. Each spouse is allocated a portion of each deduction or add-back item. To determine this allocation, each spouse must:
  - a. Divide his or her own FAGI by the combined FAGI of both spouses and round the resulting decimal to four decimal places; and
  - b. Multiply the resulting percentage by the deductions and add-back items.

The deductions and add-back items are:

- State income tax deducted as an itemized deduction on federal Schedule A;
- Other items that must be added back to FAGI on the state return;
- Itemized or standard deduction;
- State exemptions for dependents;
- One-half of the federal tax liability;
- State income tax refund included on line 10 of the federal return; and
- Other state deductions.

The only item on the Utah return that does not have to be allocated between the spouses' separate state returns is his or her own personal exemption. *For example, if the husband has 80 percent of the FAGI, his portion of the deductions and add-back items would be 80 percent of each item listed above and he would claim 100 percent of his own personal exemption. The wife's portion of the deductions and add-back items would be 20 percent of each item above and she would claim 100 percent of her own personal exemption.*

3. Utah resident spouse: Calculate your Utah tax as instructed on line 22 of the Utah income tax return.

The nonresident or part-year resident spouse: Complete the Utah return as a nonresident or part-year resident and complete lines 22 and 23 of the Utah income tax return, using the worksheet on state form TC-40A, Part 3, as instructed. Line 23 will show your Utah tax liability. You must also attach a copy of your federal return and schedules.

## SPECIAL INSTRUCTIONS CONTINUED

EXAMPLE: Becky was a full-year resident of Utah before marrying Terry in 2000. Terry is in the military and he is stationed in Utah. Terry's home of record is Wyoming. They qualify to use Special Instructions because Becky was a Utah resident before marrying Terry. Their combined federal adjusted gross income reported on their 2000 joint federal return is \$75,000.

Becky's separate adjusted gross income is \$30,000. Dividing \$30,000 by \$75,000 equals .40 or 40%. This is the percentage used to allocate the different items on Becky's separate Utah resident return as follows:

<b>Becky (Utah Resident)</b>	Joint Federal Return <b>Form 1040</b>	Joint State Return <b>Form TC-40</b>	Percentage Allocation	Separate State Return <b>Form TC-40</b>
Federal adjusted gross income	\$75,000	\$75,000		\$30,000
State income tax deducted as itemized deductions	3,710	3,710	0.40	1,484
Other additions to income	0	0	0.40	0
Standard or itemized deductions	(10,000)	(10,000)	0.40	(4,000)
Personal exemption (state is 75% of federal)	(2,800)	(2,100)	1.00	(2,100)*
Spouse exemption (state is 75% of federal)	(2,800)	(2,100)	0.00	(0)
Dependents exemptions (state is 75% of federal)	(2,800)	(2,100)	0.40	(840)**
Federal tax (liability on federal/deduction on state)	(10,259)	(5,130)	0.40	(2,052)***
State refund from line 10 of federal form 1040	(25)	(25)	0.40	(10)
Other deductions	0	0	0.40	0
Utah Taxable Income				\$22,482
Utah tax as calculated on line 22 of Utah return (Use tax rate for married filing separately)				<b>\$1,469</b>

Terry earned \$45,000 during 2000, but \$3,000 of that earned income was from a Utah source not related to military service pay. Terry is required to file a Utah tax return and pay taxes due. Dividing \$45,000 by \$75,000 equals .60 or 60%. This is the percentage used to allocate the different items on Terry's separate Utah return as follows:

<b>Terry (Nonresident)</b>	Joint Federal Return <b>Form 1040</b>	Joint State Return <b>Form TC-40</b>	Percentage Allocation	Separate State Return <b>Form TC-40</b>
Federal adjusted gross income	\$75,000	\$75,000		\$45,000
State income tax deducted as Itemized deductions	3,710	3,710	0.60	2,226
Other additions to income	0	0	0.60	0
Standard or itemized deductions	(10,000)	(10,000)	0.60	(6,000)
Personal exemption (state is 75% of federal)	(2,800)	(2,100)	1.00	(2,100)*
Spouse exemption (state is 75% of federal)	(2,800)	(2,100)	0.00	(0)
Dependents exemptions (state is 75% of federal)	(2,800)	(2,100)	0.60	(1,260)**
Federal tax (liability (federal), deduction (state))	(10,259)	(5,130)	0.60	(3,078)***
State refund from line 10 of federal form 1040	(25)	(25)	0.60	(15)
Other deductions	0	0	0.60	0
Utah Taxable Income				\$34,773
Utah tax as calculated on line 22 of Utah return (Use tax rate for married filing separately)				<b>\$2,330</b>
Utah tax liability percentage as calculated on line 23 box c				0.0667****
<b>Utah Tax line 23 (\$2,330 multiplied by .0667)</b>				<b>\$155</b>

\* State exemption for tax year 2000 is \$2,100 (Federal exemption \$2,800 multiplied by .75)

\*\* State exemption \$2,100 multiplied by the allocation percentage.

\*\*\* The federal tax deduction is 1/2 of the federal tax multiplied by the allocation percentage.

The federal tax \$10,259 consists of lines 51, 54 and "Recapture Taxes" included on line 57 from federal form 1040.

\*\*\*\* Line 23 box "a" \$3,000 divided by box "b" \$45,000

## 2000 TAX CALCULATION WORKSHEET

1. Determine if you will use **WORKSHEET A** or **WORKSHEET B** by your filing status on line 1 of your return. For example, if you checked box 1b for Head of Household, you would use WORKSHEET B.
2. On the WORKSHEET, locate the **wage range column** that matches the taxable income on line 21 of your state income tax return. For example, if you used WORKSHEET B and your income on line 21 was \$5,500, you would look for the wage range column that is "\$4,501 to \$6,000."
3. Under the selected wage range column, complete the calculations as instructed on the WORKSHEET.

### WORKSHEET A

#### For Single or Married Filing Separate

Use this worksheet if you checked box 1a or 1d on the front of the return.

If taxable income from line 21 is ➡	\$0 to \$750	\$751 to \$1,500	\$1,501 to \$2,250	\$2,251 to \$3,000	\$3,001 to \$3,750	Over \$3,750
a. Taxable income from line 21						
b. Amount to subtract	— 0	— \$750	— \$1,500	— \$2,250	— \$3,000	— \$3,750
c. Subtotal (subtract b from a)	=	=	=	=	=	=
d. Tax rate	x .023	x .033	x .042	x .052	x .06	x .07
e. Subtotal (multiply c by d)	=	=	=	=	=	=
f. Amount to add	+ 0	+ \$17	+ \$42	+ \$74	+ \$113	+ \$158
g. This is your Utah income tax. (Add lines e and f) Enter on line 22	=	=	=	=	=	=

### WORKSHEET B

#### For Married Filing Joint, Head of Household, or Qualifying Widow(er)

Use this worksheet if you checked box 1b, 1c, or 1e on the front of the return.

If taxable income from line 21 is ➡	\$0 to \$1,500	\$1,501 to \$3,000	\$3,001 to \$4,500	\$4,501 to \$6,000	\$6,001 to \$7,500	Over \$7,500
a. Taxable income from line 21						
b. Amount to subtract	— 0	— \$1,500	— \$3,000	— \$4,500	— \$6,000	— \$7,500
c. Subtotal (subtract b from a)	=	=	=	=	=	=
d. Tax rate	x .023	x .033	x .042	x .052	x .06	x .07
e. Subtotal (multiply c by d)	=	=	=	=	=	=
f. Amount to add	+ 0	+ \$35	+ \$84	+ \$147	+ \$225	+ \$315
g. This is your Utah income tax. (Add lines e and f) Enter on line 22	=	=	=	=	=	=